

Message Text

MRN: 1977TOKYO 005798 SEGMENT NUMBER: 000001 ERROR READING TEXT INDEX

FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE

ADP371

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-15 AID-05 EB-08

NSC-05 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 L-03 H-02 PA-02 PRS-01 /109 W

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 7118

TREASURY DEPT WASHDC PRIORITY

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION OECD PARIS

AMCONSUL HONG KONG

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5. COMPLEMENTING THH DISCOUNT RATE CUT, THE GOVT ANNOUNCED TUESDAY, APRIL 19, YET ANOTHER PACKAGE OF ECONOMIC STIMULUS MEASURES. THE FOCUS OF THIS MINI-PACKAGE WAS ON ACCELERATION OF PUBLIC WORKS PROGRAMS. SPECIFICALLY IT WAS ANNOUNCED THAT A LITTLE OVER HALF OF PUBLIC WORKS APPROPRIATIONS IN THE FISCAL 1977 BUDGET (YEN 10 TRILLION) ARE TO BE CONTRACTED IN THE FIRST QUARTER OF THE FISCAL YEAR. ADDITIONALLY, THE GOVT RAISED ITS TARGET FOR PUBLIC WORKS CONTRACTS TO BE AWARDED IN THE FIRST HALF OF FISCAL 1977 TO 73 PERCENT OF THE FULL FISCAL YEAR PUBLIC WORKS BUDGET, A FURTHER INCREASE FROM THE 70 PERCENT FIGURE IN THE FOUR-POINT STIMULUS PROGRAM ANNOUNCED MARCH 11 (TOKYO 3493). TO INSURE A MAXIMUM EFFORT TO ATTAIN THESE TARGETS, AN INTER-MINISTERIAL GROUP CHAIRED BY FINMIN BOH WITH VICE MINISTERIAL LEVEL REPRESENTATIVES FROM CONCERNED MINISTRIES AND AGENCIES IS BEING SET UP TO FURTHER REFINE TARGETS FOR PUBLIC WORKS

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SPENDING AND TO MONITOR PROGRESS.

6. ALSO ON THE FISCAL SIDE, HOUSE OF COUNCILLORS, AS ANTICIPATED, APPROVED FISCAL YEAR 1977 BUDGET SATURDAY,

APRIL 16, COMPLETING DIET ACTION ON BUDGET. GOJ THUS THIS YEAR GOT ITS NEW BUDGET APPROVED ONLY TWO WEEKS AFTER START OF FISCAL YEAR, AN IMPROVEMENT OVER LAST YEAR WHEN THE BUDGET WAS NOT APPROVED UNTIL MAY 8. LEGISLATION AUTHORIZING "DEFICIT FINANCING" BOND ISSUES WAS APPROVED BY LOWER HOUSE FINANCE COMMITTEE TUESDAY, APRIL 19. OTHER BILLS IMPLEMENTING YEN 300 BIL ADDITIONAL TAX CUTS AGREED BETWEEN LIBERAL DOMORATIC PARTY AND OPPOSITION PARTIES MARCH 9 (REPORTED TOKYO 3411) AND PROVIDING FINANCING FOR THESE ADDITIONAL TAX CUTS WERE APPROVED BY SAME LOWER HOUSE COMMITTEE FOLLOWING DAY AND ARE EXPECTED TO BE PASSED BY HOUSE PLENARY SESSION TOGETHER WITH BOND FINANCING AUTHORIZATION TODAY (APRIL 21).

7. RESPONSE IN JAPAN TO NEWS THAT U.S. GOVT WILL NOT SEEK TAX REBATE AS PART OF RECOVERY PROGRAM WAS MODERATE. ALTHOUGH SOME OBSERVERS WERE CONCERNED THAT THIS LEFT JAPAN ALONE AS THE "LOCOMOTIVE" STRIVING HARD TO PULL WORLD ONTO RECOVERY PATH, MOST GOVT OFFICIALS STRESSED THAT JAPAN'S POLICY COURSE SHOULD BE DETERMINED BY ITS OWN DOMESTIC AND INTERNATIONAL NEEDS, ATER THAN THE ACTIONS OF OTHERS. THE DISCOUNT RATE REDUCTION AND ADDED STIMULUS PACKAGE ADOPTED JUST A FEW DAYS FOLLOWING NEWS OF PRESIDENT CARTER'S DECISION ON TAX REBATES WOULD SEEM TO SUPPORT LATTER VIEW.

8. FEB INDUSTRIAL PRODUCTION INDEX WAS REVISED DOWNWARD TO SHOW SEASONALLY ADJUSTED 1.1 PERCENT DROP FROM PRIOR MONTH RATHER THAN INITIAL ESTIMATE OF 0.7 PERCENT DECLINE. ON THE OTHER HAND, PRODUCERS' SHIPMENTS INDEX FOR FEB WAS REVISED UPWARD TO SHOW 0.7 PERCENT ADVANCE, AMUCH HEALTHIER FIGURE THAN INITIAL ESTIMATE OF MODEST 0.2 PERCENT INCREASE. THE DOWNWARD REVISIONIN THE PRODUCTION INDEX

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REFLECTS REVISED ESTIMATES FOR ELECTICAL MACHINERY PRODUCTION (WHICH SHOWED A 3.4 PERCENT DROP, MORE THAN TWICE AS LARGE A DECREASE AS INITIALLY ESTIMATED) AND FOR IRON AND STEEL PRODUCTION (WHICH SHOWED A 3.2 PERCENT DECLINE VERSUS INITIAL ESTIMATE OF 0.2 PERCENT INCRESE). THE UPWARD RVISION IN PRODUCERS' SHIPMENTS PRINCIPALLY REFLECTS A LARGE 13.2 PERCENT JUMP IN SHIPMENTS OF FOOD, BEVERAGES ANN TOBACCO PRODUCTS, A CATEGORY WHICH IS NOT INCLUDE IN CALCULATION OF PRELIMINARY SHIPMENTS INDEX.

MIN. AND MFG. PRODUCERS' INVENTORY TO
PRODUCTION SHIPMENTS SHIPMENTS RATIO

1976 NOV 128.9 (2.5) 131.7 (3.8) 124.1 (-1.8)

DEC 128.8 (-0.1) 130.6 (-0.8) 128.5 (3.5)

1977 JAN 128.6 (-0.2) 131.5 (0.7) 128.0 (-0.4)

FEB 127.2 (-1.1) 132.4 (0.7) 127.3 (-0.5)

9. NEW AUTO REGISTRATIONS ROSE 6.8 PERCENT IN MARCH TO MARK THIRD STRAIGHT MONTHLY ADVANCE. STRONG FIRST QUARTER PERFORMANCE FOLLOWS INTRODUCTION IN DEC 1976 OF SEVERAL RESTYLED MODELS BY JAPAN'S LEADING AUTO MAKERS.

THOUSAND CARDS, S.A. PERCENT CHANGE

FROM PRIOR PERIOD

RECENT QUARTERS (MONTHLY AVERAGE)

1976 APR-JUNE	203.7	2.9
JUL-SEP	207.4	1.8
OCT-DEC	201.0	MIN 3.1
1977 JAN-MAR	220.9	9.9

RECENT MONTHS:

1976 DEC	196.7	MIN 11.6
1977 JAN	203.0	3.2
FEB	222.3	9.5
MAR	237.4	6.8

10. EXPORT AND IMPORT CONTRACT PRICE INDICES BOTH DECLINED IN MARCH. EXPORT CONTRACT PRICE INDEX (JEI 80, 1970

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EQUALS 100, N.S.A.) DECLINED FOR FOURTH STRAIGHT MONTH IN MARCH TT 136.9. MARCH IMPORT CONTRACT PRICE INDEX (JEI 88) WAS 214.3 DOWN AGAIN AFTER TWO MONTHLY INCREASES. BOJ OFFICIALS EXPLAINED MARCH EXPORT AND IMPORT CONTRACT PRICE INDICES WOULD HAVE REGISTERED INCREASES IF EXCHANGE VALUES OF YEN HAD REMAINED UNCHANGED FROM FEB. SHOESMITH

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Disposition Approved on Date:
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Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:08 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:06 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
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